



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/06/2017
Time: 02:00 PM
Location: 309
Committee: House Education
House Intrastate Commerce

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 1265 RELATING TO EDUCATION.

Purpose of Bill: Requires licensure for certain private trade, vocational or technical schools. Creates a private trade, vocational, and technical school licensure special fund. Implements a licensure fee.

Department's Position:

The Department of Education (Department) supports HB 1265 relating to private trade, vocational, and technical schools. However, the Department prefers the language offered in HB 494.

Licensing Private Trade, Vocational or Technical (PTVT) schools is misaligned with the Department's primary mission. Our primary mission is focused on K-12 education to ensure that all public school students can reach their fullest potential and attain their aspirations in the 21st century.

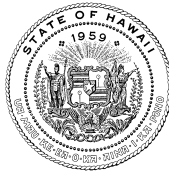
PTVT administration by the Department continues to take away valuable resources and time that should be focused on providing direct services and supports for Hawaii public schools, educators and students.

However, a special fund to support the PTVT licensing program operations will help address budgetary issues and assist with the licensure program's sustainability.

Further, the Department favors the proposed scope of licensure which requires a school to provide evidence that a license is required for students currently receiving or applying to receive financial aid under Title IV of the Higher Education Act of 1965.

Thank you for this opportunity to provide testimony on HB 1265.

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

LAUREL A. JOHNSTON
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
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STATE OF HAWAII
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ADMINISTRATIVE AND RESEARCH OFFICE
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MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEES ON EDUCATION AND INTRASTATE COMMERCE
ON
HOUSE BILL NO. 1265

February 6, 2017
2:00 p.m.
Room 309

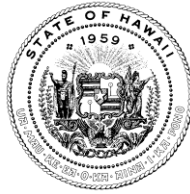
RELATING TO EDUCATION

House Bill No. 1265 amends Chapter 302A, HRS, and requires the Department of Education to license certain private trade, vocational, or technical schools that require legal authorization by the State to be considered eligible institutions for student aid programs under the federal Higher Education Act of 1965, as amended. The purpose of the measure is to narrow the scope of the licensure program and to establish a licensing fee to ensure its sustainability.

The measure also establishes the Private Trade, Vocational, and Technical School Licensure Special Fund. The measure authorizes the deposits of revenues and fees into the special fund established by the bill: Initial license fee of \$10,000; renewal fee of \$10,000 every two years; and fines of \$500 to \$10,000. Moneys in the special fund are to be used to fund activities related to licensure requirements.

The Department of Budget and Finance (B&F) does not take a position on the licensing of certain private trade, vocational, or technical schools. However, as a matter of general policy, B&F does not support the creation of any special fund which does not

meet the requirements of Section 37-52.3 of the HRS. Special funds should: 1) serve a need that cannot be implemented under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 1265, it is uncertain if the special fund will be self-sustaining.



DAVID Y. IGE
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SHAN S. TSUTSUI
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**PRESENTATION OF THE
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

TO THE HOUSE COMMITTEE ON EDUCATION
AND
TO THE HOUSE COMMITTEE ON INTRASTATE COMMERCE

THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

MONDAY, FEBRUARY 6, 2017
2:00 p.m.

TESTIMONY ON HOUSE BILL NO. 1265, RELATING TO EDUCATION

TO THE HONORABLE ROY M. TAKUMI, CHAIR,
AND TO THE HONORABLE TAKASHI OHNO, CHAIR,
AND MEMBERS OF THE COMMITTEES:

My name is Catherine Awakuni Colón, Director of the Department of Commerce and Consumer Affairs (“DCCA” or “Department”). DCCA appreciates the opportunity to offer comments with concerns on H.B. No. 1265, Relating to Education.

H.B. No. 1265 revises the current private trade, vocational and technical school law that is administered by the Department of Education (“DOE”), creates a private trade, vocational and technical school licensure special fund, and implements a licensure fee.

The Department’s testimony relates solely to sections 3 and 4 of the bill to the extent DCCA is referenced in those sections, and takes no position regarding the remainder of the bill.

Regarding section 3 of the bill, the Department requests that rather than adding a new exemption item (see page 5, lines 12 to 14), the existing subsection 8 exemption beginning at page 5, line 8, be revised to read “Schools registered or authorized by the department . . .” This suggested revision would utilize existing exemption language without the need for creating a new subsection.

Regarding section 4 of the bill, the Department suggests that references to DCCA complaints history at renewal page 8, lines 15 to 17, be revised to expand this renewal requirement to include complaints filed within the prior two years with any state or federal governmental agency or directly with the school. Capturing complaints filed against the school at any venue will provide DOE with a more complete picture of the school’s complaints history for purposes of the renewal process. In the alternative, if DOE does not intend to review complaints information at renewal, the Department suggests that this language be deleted from the bill.

Regarding section 4 of the bill, subsection (e) on page 8, line 19 thru page 9, line 8, the Department requests that this subsection be deleted. DCCA has received complaints regarding DOE schools in the past without the need for explicit authorization and is concerned that the language in the bill is both unnecessary and confusing. Similarly, the Department requests that the language that states that fines collected would be deposited in the compliance resolution fund at page 9, lines 12 to 14, also be deleted as this language is also unnecessary.

The Department has memorialized its proposed revisions to sections 3 and 4 for the Committee’s consideration in the revised language shown below.

Thank you for this opportunity to provide comments on H.B. No 1265. I am available to answer any questions that the Committee may have.

PROPOSED LANGUAGE FOR HOUSE BILL NO. 1265, RELATING TO EDUCATION

Proposed revisions to Section 2 on page 5, line 6 to line 14, to read as follows:

- (7) Courses of instruction on religious subjects given under the auspices of a religious organization; and
- (8) Schools registered or authorized by the department of commerce and consumer affairs or by boards and commissions placed in the department of commerce and consumer affairs for administrative purposes.

Proposed revisions to Section 4 on page 8, line 10, to page 9, line 16, to read as follows:

- (d) Every two years following the date of initial licensure, a private trade, vocational, or technical school shall apply for a renewal license by:
 - (1) Submitting all documents required under subsection (b), with updated information as appropriate;
 - (2) Submitting a list of complaints officially filed within the past two years with any state or federal government agency or directly with the school; and
 - (3) Paying a renewal licensure fee of \$10,000.

(e) Fees collected pursuant to this section shall be deposited into the private trade, vocational, and technical school licensure special fund established under section 302A- .

(f) The board may adopt rules relating to the enforcement of sections 302A-425 and 302A-426.

EDNtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 1, 2017 10:59 PM
To: EDNtestimony
Cc: jamesjtz@aol.com
Subject: *Submitted testimony for HB1265 on Feb 6, 2017 14:00PM*

HB1265

Submitted on: 2/1/2017

Testimony for EDN/IAC on Feb 6, 2017 14:00PM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
James Gauer	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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